

Message Text

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11

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 EB-11 NSC-10 RSC-01

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INFO AMEMBASSY CANBERRA

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AMEMBASSY OTTAWA

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E.O.: 11652: N/A

TAGS: ENRG, OECD

SUBJ: MEETING OF SUB-GROUP ON OIL SHARING OF HIGH-LEVEL
GROUP OF OIL COMMITTEE, JULY 31, 1973.

1. SUMMERY. IN PRODUCTIVE EXPLORATORY MEETING, MEMBERS OF INFORMAL OIL SHARING GROUP GAVE PRELIMINARY VIEWS ON KEY ISSUES WHICH WILL HAVE TO BE RESOLVED BEFORE AGREEMENT POSSIBLE ON OECD-WIDE SCHEME FOR APPORTIONMENT OF AVAILABLE OIL IN TIMES OF EMERGENCY. ATMOSPHERE FRANK AND CONSTRUCTIVE, WITH ALL DELEGATIONS RECOGNIZING NEED FOR FLEXIBILITY TO ENSURE PROGRESS. SEVERAL WORKING PAPERS WILL BE CIRCULATED BEFORE AUG-
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UST 30-31 MEETING TO FACILITATE DISCUSSION OF

POSITIONS IN GREATER DEPTH; FURTHER DISCUSSION ON SEPTEMBER 11-12 EXPECTED TO RESULT IN FIRST DRAFT OF REPORT, WHICH GROUP HOPES TO PUT IN FINAL FORM AT SEPTEMBER 26 MEETING. ACTION REQUESTED: SEE PARA 6 BELOW. END SUMMARY.

2. COUNTRIES REPRESENTED ON GROUP GENERALLY FIELDED STRONG, COMPETENT DELEGATIONS. JAPANESE DELEGATION, WHICH INCLUDED OYAKE OF MINISTRY OF FOREIGN AFFAIRS, AND TOYONAGA OF NEW AGENCY FOR ENERGY AND RESOURCES UNDER MITI, WAS CAUTIOUS IN APPROACH BUT DEMONSTRATED APPARENTLY GENUINE INTEREST IN EXPLORING POSSIBILITIES FOR AGREEMENT ON AN OECD-WIDE SCHEME.

3. WITH RAPPORTEUR'S PAPER SERVING TO FOCUS DEBATE, THERE WAS GENERAL DISCUSSION OF ELEMENTS AND RATIONALES FOR SHARING SYSTEMS BASED ON IMPORTS AND ON CONSUMPTION. HEAD OF FRENCH DELEGATION (VAILLAUD) INTRODUCED ON PERSONAL BASIS CONCEPT OF SHARING BASED ON PRIORITIES FOR CONSUMPTION OF OIL IN VITAL SECTORS OF COUNTRIES' ECONOMIES. UNDER SUCH A SCHEME, KEY ELEMENTS IN DETERMINING PARTICULAR COUNTRY'S SHARE OF AVAILABLE OIL IN EMERGENCY SHORTAGE WOULD BE (A) SHARE OF OIL IN THAT COUNTRY'S TOTAL ENERGY BALANCE AND (B) NORMAL USES OF OIL IN THAT COUNTRY ACCORDING TO SECTORS (INDUSTRY, HEATING, PRIVATE TRANSPORTATION, PUBLIC TRANSPORTATION, ETC.).

4. PRELIMINARY VIEWS ALSO EXCHANGED ON OTHER KEY PROBLEMS SUCH AS DEFINITION OF EMERGENCY FOR PURPOSES OF SCHEME, NATURE OF TRIGGER MECHANISM, POSSIBLE ROLE OF OIL INDUSTRY IN IMPLEMENTATION OF SCHEME, AND RELATIONSHIP OF STOCKPILING AND RATIONING TO OIL SHARING. THOUGH GROUP AGREED THAT VIEWS OF DELEGATIONS WOULD BE CONSIDERED PERSONAL AND PRELIMINARY UNTIL REPORT PUT IN FINAL FORM, IT REACHED INITIAL CONSENSUS THAT (A) AN OECD-WIDE APPORTIONMENT SCHEME SHOULD DEAL BASICALLY WITH AVAILABLE CRUDE OIL LEAVING INTER-AREA MOVEMENT OF PRODUCTS FOR LATER CONSIDERATION, (B) EXISTING ARRANGEMENTS FOR APPORTIONMENT OF PRODUCTS AMONG OECD LIMITED OFFICIAL USE

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EUROPEAN MEMBERS SHOULD BE PRESERVED, AND (C) IIAB MEMBERSHIP SHOULD BE REVIEWED TO DETERMINE HOW IT MIGHT NEED TO BE ADJUSTED IF AN OECD-WIDE SCHEME WERE TO BE AGREED UPON.

5. GROUP MADE SEVERAL DISPOSITIONS TO ASSIST IT IN TACKLING THE KEY ISSUES IN DEPTH AT ITS NEXT MEETING. A CONSULTANT HAS BEEN IDENTIFIED AND WILL BE RETAINED

TO PROVIDE A COMPILATION OF BASIC DATA, A REVIEW OF
TRADE IN PRODUCTS AMONG MAJOR OECD AREAS; AN A DIS-
CUSSION OF THE TRIGGER MECHANISM FOR THE EXISTING OECD
EUROPEAN SCHEME ALONG WITH HIS APPRECIATION OF THE
PROBLEMS INVOLVED AND ITS POSSIBLE RELEVANCE FOR AN
OECD-WIDE SCHEME. THE FRENCH DELEGATION WILL PRESENT
ON PERSONAL BASIS A PAPER ELABORATING ON THE "VITAL
SECTOR" CONCEPT OF SHARING DESCRIBED IN PARA 3 ABOVE.
THE RAPPORTEUR WILL PROVIDE A SUMMARY OF THE DISCUSSION
ON THE KEY ISSUES RAISED AT THE MEETING.

6. COMMENT: US DELEGATION TO NEXT MEETING SHOULD BE
PREPARED TO DISCUSS IN DEPTH US CONCEPT OF SHARING
AND ITS RELATIONSHIPS TO STOCKPILING AND RATIONING.
US WILL ALSO BE CALLED UPON TO PRESENT VIEWS ON OTHER
KEY ISSUES, SUCH AS THOSE RAISED IN PARAS 26 AND 27
OF RAPPORTEUR'S PAPER ON "APPORTIONMENT OF AVAILABLE
OIL IN TIMES OF EMERGENCY," AS WELL AS TO RESPOND TO
FRENCH, JAPANESE, AND OTHER VIEWS ON THESE ITEMS.
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